

OFFICE OF THE DDI

This will be on the Projects
List--Mr. Proctor has it
written on his copy of the Projects
List.

22 October 1975

NOTE FOR THE RECORD

After I described to the DCI what happened yesterday with respect to briefing Congressional people and [redacted] about Soviet military expenditures, he said that we would be getting questions from all sides on this matter. He feels that we should have available for our people (DCI, OLC, Thuermer, etc) a short easy and simple paper explaining the various elements. Obviously, the point of departure should be Schlesinger's statement about Soviet military expenditures.

On this basis, we should draft up a 3 or 4 paragraph piece.

If basis for question is only Schlesinger's remarks--

1. Our estimate of Soviet defense expenditures in dollars for 1975 is about ? percent higher than comparable US. This estimate is based on the same methodology and kinds of data we used last year when we estimated Soviet defense expenditures would be some 20%

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higher than the US. Based on actual performance of the US and USSR, we have revised our 1974 estimate, making Soviet defense expenditures for 1974 about 30% (?) higher than the US.

2. Schlesinger's statement referred to a comparison without military pensions. Soviet military pensions are much lower than ours. If pensions are eliminated from both sides, estimated defense expenditures for the USSR in dollars would be about ? percent higher than the US.

If "new information" is also raised--

3. Recent information which we believe reliable indicates that our estimate of Soviet defense expenditures IN RUBLES is far too low. (This should be followed by some of the material in the NIB article.)
4. Emphasize that new information is regarding RUBLES and NOT dollar comparison. Because major portion of DOLLAR estimate is based on "direct costing method", we do not

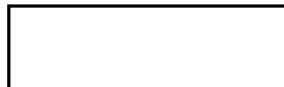
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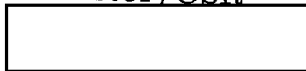
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expect new information about ruble expenditures to affect dollar estimate significantly. Whatever change this new information on rubles may have on our dollar estimate could be in either direction.



Edward W. Proctor
Deputy Director for Intelligence

Copy sent to:
Director/OSR



Note to D/OSR:

I would like to have this by close of business 23 October--at the latest.

ACTION

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